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CENTRAL INTELLIGENCE AGENCY

REPORT NO.

INFORMATION REPORT

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COUNTRY China

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SUPPLEMENT TO
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1. On 15 June 1951, a trade agreement was signed in Moscow between the USSR and Communist China. It consisted of a trade agreement for the year 1951 and protocol concerning the supply of equipment and material by the USSR in 1951. Both parts of the agreement were based on the Sino-Soviet loan agreement of February 1950.

2. Under the 1951 agreement, the USSR agreed to supply:

- An electricity generating plant.
- Machinery for engineering and finishing (sic) factories.
- Mining machinery.
- Railway material, especially rails.

3. In exchange, Communist China agreed to supply:

- United States dollars.
- Tea
- Various raw materials.

4. The volume of the trade involved cannot be stated but it is known to be much greater than the JMD 156 billion provided for by the 1950 agreement.

5. Like its predecessor, the new agreement is more in the nature of a barter deal than a regular trade pact. The prices agreed for commodities have not been published, beyond the usual claims that the terms are very favorable.

6. On 13 February 1951, LIN Hai-yun (林海雲), chief of the International Trade Office of the Ministry of Trade, stated to the press that Communist

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China was receiving Soviet products at 20-30 percent below the American price, and was also getting better prices for its own exports. The following two examples, however, may cast doubt on the accuracy of LIN's statements:

- a. The Central and South China Military and Political Commission has received a number of two-ton lorries, produced at the McLetov factory. These are small four-wheeled vehicles similar to the Japanese type, with a wooden body and a canvas roof to the cab. They function well on level ground, but have practically no hill-climbing capacity. Under the 1950 agreement these trucks were exchanged for 20 tons of beans each. Converted at the prevailing price of JMP 120,000 per picul, this amounts to JMP 53,000,000 or approximately HK \$13,000 per vehicle.
- b. The railway track supplied to Hankow by the USSR under the 1950 agreement was found to cost, after payment of freight charges, JMP 1,000,000 for each steel rail, which is equivalent to HK \$850.

25X1A Comment. [redacted] for details regarding Chinese payment for supplies from the USSR, [redacted] for information Sino-Soviet trade and shipping. 25X1A

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